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Integrated and coordinated implementation of and follow-up to the outcomes of the major United Nations conferences and summits in the economic, social and related fields

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Investing in the United Nations for a stronger Organization worldwide: detailed report

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General entitled "Investing in the United Nations for a stronger Organization worldwide: detailed report" (A/60/846 and Add.1-4). During its consideration of the report, the Advisory Committee met with representatives of the Secretary-General, who provided additional information and clarification.

2. The report of the Secretary-General was submitted in response to General Assembly resolution 60/260 of 8 May 2006 and builds upon his previous report on investing in the United Nations (A/60/692 and Corr.1). The report consists of an

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introductory main document (A/60/846), which summarizes the approach taken by the Secretary-General and the main proposals, and four addenda, which deal with the following areas:

(a) Information and communication technology (A/60/846/Add.1);

(b) Budget implementation (A/60/846/Add.2);

(c) Financial management practices (A/60/846/Add.3);

(d) Improving reporting mechanisms, including public access to United Nations documentation (A/60/846/Add.4).

3. The Advisory Committee notes that the report of the Secretary-General has been presented in a timely manner and that it takes into account elements contained in the Committee's report of 24 March 2006, in which it requested inclusion of background information on the history of the proposals, financial and administrative implications and projected time lines for implementation, among other things (A/60/735 and Corr.1, para. 8). The report, however, treats some subjects more comprehensively than others and in some areas lacks clarity and/or detail. The Committee comments further on this in its discussion of the specific proposals.

4. The detailed report (A/60/846 and Add.1-4) does not address all of the proposals in the Secretary-General's initial report on investing in the United Nations (A/60/692 and Corr.1). Upon request, the Advisory Committee was provided with the following table showing the status of each of the proposals presented in the initial report:

Proposal	*Status*
I. People	
Proposal 1	In accordance with General Assembly resolution 60/260, a detailed report is to be submitted to the General Assembly at its sixty-first session
Proposal 2	
Proposal 3	
Proposal 4	
II. Leadership	
Proposal 5	No further reporting
Proposal 6	No further reporting
Proposal 7	Sixty-first session of the General Assembly
III. Information and communication technology	
Proposal 8	Addressed in A/60/846/Add.1
Proposal 9	
Proposal 10	
IV. Delivering services	
Proposal 11	Separate reports for the resumed sixty-first session of the Assembly
Proposal 12	
Proposal 13	Separate report in June 2006
Proposal 14	
Proposal 15	
V. Budget and finance	
Proposal 16	Addressed in A/60/846/Add.2
Proposal 17	Addressed in A/60/846/Add.3
Proposal 18	Covered in part in A/60/846/Add.4 Other aspects to be considered in the context of the oversight review and associated report to follow
VI. Governance	
Proposal 19	Addressed in A/60/846/Add.4
Proposal 20	No further reporting
Proposal 21	No further reporting
VII. The way forward: investing in change	
Proposal 22	No action at the present time
Proposal 23	No action at the present time

5. Estimated requirements relating to the proposals dealt with in the report amount to $6,381,300, including an increase of eight posts (see A/60/846, tables 2-4). Upon request, the Advisory Committee was provided with a table showing additional requirements by proposal (see annex I).

Accountability

6. The Advisory Committee recalls that, in its report on the initial proposals by the Secretary-General, it pointed out that a set of principles to ensure accountability is key to the successful management of any organization, and drew attention to the need to specifically define what is meant by accountability in the United Nations context and to set out the parameters of its application and the instruments for its vigorous enforcement (A/60/735 and Corr.1, para. 6). Subsequently, the General Assembly requested the Secretary-General, in the context of the reports it requested relating to the reform proposals, to specifically define accountability as well as clear accountability mechanisms, including to the Assembly, and to propose clear parameters for its application and the instruments for its rigorous enforcement, without exception, at all levels (resolution 60/260, sect. I, para. 2).

7. The concept of accountability encompasses both the accountability of the Organization as an institution to Member States and the accountability of staff for performance; there are different processes and mechanisms for each. In his report, the Secretary-General makes reference to the accountability framework set out in his report on measures to strengthen accountability at the United Nations (A/60/312), and discusses aspects of the proposals which would strengthen the tools to demonstrate accountability and thereby increase transparency. In this regard, the Advisory Committee wishes to emphasize the importance of the following elements: adoption of International Public Sector Accounting Standards (IPSAS), strengthening capacity in the area of information and communications technology, improving reporting mechanisms and increasing public access to United Nations documentation.

8. **The Advisory Committee welcomes the steps taken thus far. It points out that a complete system of accountability requires further development in accordance with all applicable General Assembly resolutions, including resolution 60/260, with particular attention to the following: (a) a clear definition of accountability in all areas, including finance, administration and human resources management; (b) tools to implement accountability; (c) an effective system for the administration of justice; and (d) consistent regulations and rules.** The Committee notes that the International Civil Service Commission, in its framework for human resources management (A/55/30, annex II), defines accountability (as it applies to human resources) as a:

> "Concept which implies taking ownership of all responsibilities and honouring commitments; delivering outputs for which the staff member has responsibility within prescribed time, cost and quality standards; operating in compliance with organizational regulations and rules; supporting subordinates, providing oversight and taking responsibility for delegated assignments; taking personal responsibility for personal shortcomings and, where applicable, those of the work unit".

9. The Committee recalls that, in its first report on the proposed programme budget for the biennium 2006-2007, it recommended a number of measures that could be taken to strengthen accountability, including sanctions for failure to perform and provisions for rewarding performance that exceeds expectations.[1] The

[1] See *Official Records of the General Assembly, Sixtieth Session, Supplement No. 7* (A/60/7), paras. 56-61.

Committee recognizes that the development of a fully functioning system of accountability is a work in progress and notes in this regard that reports to the General Assembly on human resources management, the administration of justice and oversight, which will further address accountability arrangements, are forthcoming. **The Committee requests the Secretary-General to give the issue of accountability priority attention in the elaboration and implementation of reform measures. The Committee draws attention to the human resources reform proposals to be submitted to the General Assembly at its sixty-first session, which should take full account of all applicable General Assembly resolutions.**[2]

II. Information and communication technology (A/60/846/Add.1)

10. In A/60/846/Add.1, the Secretary-General elaborates proposals concerning investment in information and communication technology at the United Nations. The specific action to be taken by the General Assembly is outlined in paragraph 80 of the document. The observations and recommendations of the Advisory Committee are contained in paragraphs 11 to 23 below.

A. Chief Information Technology Officer

11. The Secretary-General proposes the creation of a post of Chief Information Technology Officer at the level of Assistant Secretary-General and the establishment of the Office of Information and Communications Technology only after the appointment of the Chief. The incumbent would carry sufficient central authority to effectively manage directly or through appropriate delegation all information and communication technology (ICT) activities throughout the Secretariat, including Headquarters, offices away from Headquarters, peacekeeping and special political missions and other field offices. The Chief would also provide vision, leadership and expertise to the Organization on ICT matters. Decisions on significant information technology investment initiatives would be made by the Management Committee, of which the Chief would be a member, on the basis of proposals made by the Chief. He or she would chair the Technology Steering Committee, composed of information management specialists as well as managers from Headquarters and the field, which would make major decisions on technology direction.

12. The Advisory Committee has, on numerous occasions, expressed the view that there is a need for a senior position of Chief Information Technology Officer of the United Nations with responsibilities for developing the ICT strategy, operational policies and procedures as well as the most appropriate structure for the ICT service. Also, the Committee has emphasized the importance of appointing to the post an expert who has extensive professional experience in running the day-to-day ICT operations of a large, complex organization, in-depth knowledge of enterprise resource planning systems, and proven managerial and leadership ability.

13. In his initial report on the most recent reform initiative, the Secretary-General noted that at least six departments had their own ICT units and that there was no

[2] Including, inter alia, Assembly resolutions 51/226, 53/221, 53/258, 59/266 and 60/260.

functioning integrating mechanism, resulting, inter alia, in fragmented systems, duplication of efforts, lack of knowledge-sharing and failure to fully exploit the potential of information and communication technologies to enable and support management reforms (A/60/692 and Corr.1, paras. 47-52). The Secretary-General explains that this largely dysfunctional ICT situation stems from legacy systems and practices built up over decades. In this connection, the Advisory Committee points out that the offices away from Headquarters and the regional commissions also have their own ICT units, which dispose of considerable resources and autonomy. Furthermore, in some cases, multiple units are responsible for providing ICT services within a given department: for example, the Office of Programme Planning, Budget and Accounts and the Office of Human Resources Management in the Department of Management.

14. **The Advisory Committee recommends the creation of a post of Chief Information Technology Officer at the Assistant Secretary-General level through redeployment, on the understanding that the incumbent would head an office which would integrate the Information Technology Services of the Department of Management and the Communication and Information Technology Service of the Department of Peacekeeping Operations and provide Secretariat-wide leadership, including for the information technology functions of offices away from Headquarters.**[3]

B. Upgrading of the Secretariat-wide information and communication technology systems

15. In his report (A/60/846/Add.1), the Secretary-General indicates that an in-depth fact-finding study was initiated to address the request of the General Assembly for a detailed report (resolution 60/260, sect. IV, para. 1) and that the study would be completed and a detailed costing and timetable provided to the Assembly for consideration at its sixty-first session. The Secretary-General also indicates that the report provided preliminary findings and a high-level road map charting a future course for investing in ICT (A/60/846/Add.1, para. 18).

16. The Secretary-General advises that most of the new reform proposals cannot be implemented without appropriate ICT support, but that the fragmented and outdated nature of the overall ICT system makes it difficult to adapt the systems in place to the new and evolving requirements. The Committee recalls that in the revised ICT strategy issued in November 2002 (A/57/620), the Secretary-General indicated that the Integrated Management Information System (IMIS) would continue to play a pre-eminent role in the administrative processes of the Secretariat for at least the ensuing five years. The report under consideration indicates that IMIS is approaching the end of its life cycle and becoming technologically obsolete. The Advisory Committee has also frequently pointed out some of the weaknesses in the ICT systems and governance mechanisms of the United Nations.[4] The

[3] The Advisory Committee's recommendation to redeploy would result in a consequential reduction in the Secretary-General's estimate of $145,600 net for salaries and $166,000 for office costs.

[4] *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 7* (A/54/7), paras. 80-92; A/55/7/Add.8; *Official Records of the General Assembly, Fifty-ninth Session, Supplement No. 7* (A/56/7), paras. 80-94; A/57/772, paras. 100-106; *Official Records of the General Assembly, Fifty-eighth Session, Supplement No. 7* (A/58/7), paras. 114-126; and ibid., *Sixtieth Session, Supplement No. 7* (A/60/7), paras. 110-112.

difficulties of integrating IMIS with other systems such as the Integrated Monitoring and Documentation Information System (IMDIS) and the Budget Information System (BIS) were demonstrated, for example during the introduction of results-based budgeting techniques. **It is evident that the Organization does not yet have adequate management information systems and, in the opinion of the Advisory Committee, that it should move rapidly towards overcoming its deficiencies in this critical area. The Committee reiterates its view that the proposals of the Secretary-General should lead to greater benefits by eliminating duplication, streamlining processes, increasing efficiency and productivity, improving financial controls and ensuring that accurate and timely information is available for performance management, oversight and decision-making.**

17. The Secretary-General's proposals and the preliminary cost estimates of $120 million are based on an IMIS gap study conducted in March 2005 to identify the weaknesses of the system and to evaluate the options for upgrading or replacing the United Nations ICT systems (see A/60/846/Add.1, paras. 63-65). The study demonstrates the need for the adoption of a next generation enterprise resource planning system rather than an upgrade of IMIS, referred to as IMIS+.

18. Upon request the Advisory Committee was provided a copy of the IMIS gap study. A summary of the functional gaps identified in IMIS and other existing tools against strategic requirements in the areas of financial management, human resource management and supply chain management, as well as IMIS systems gaps and issues, is presented in annex II to the present report; the special needs of the Department of Peacekeeping Operations, which are not served by IMIS are also identified.

19. The Secretary-General appears to link the timetable for the replacement of IMIS to the information technology needs and constraints arising from the adoption of IPSAS (A/60/846/Add.1, para. 74; see also paras. 38-42 below). **In the opinion of the Committee, a decision on the enterprise resource planning or any other solution proposed can be made only after the detailed report of the Secretary-General is submitted and extensive deliberations on the subject have taken place (see para. 15 above).**

20. **The Advisory Committee emphasizes that the detailed study envisaged should be comprehensive and cover the needs of all users of the administrative and management systems, including those at peacekeeping missions, other field-based operations, offices away from Headquarters and regional commissions (see General Assembly resolution 60/260). The Department of Peacekeeping Operations should be fully engaged from the start of the process. It is of paramount importance that the new systems are not applied to poor methods of work and that business processes are reviewed carefully and reformed as an integral part of the project. Also, the Committee requests that the needs of Member States be kept in mind. The analysis of cost aspects should examine all cost drivers over the enterprise resource planning life cycle, as well as the costs related to any transition from IMIS.**

21. **The implementation of an enterprise resource planning system is a major endeavour that will affect the entire Organization and the management of its operations for many years. As indicated by the Secretary-General, preliminary estimates of the costs of such a system point to an investment of some $120 million (A/60/846/Add.1, para. 66). The decision to replace IMIS with a next-**

generation enterprise resource planning system must therefore be based on complete, accurate information and comprehensive, rigorous analyses. The Advisory Committee will make its recommendation on the basis of the detailed report and costing plan to be submitted by the Secretariat to the General Assembly at its sixty-first session.

22. The Advisory Committee notes the Secretariat's intention to explore the potential for creating a fast-track process for managing resources and procurement (A/60/846/Add.1, para. 75). **The Committee emphasizes that special attention should be paid to ensuring that any measures proposed in this respect guarantee full accountability and transparency and are completed in strict application of United Nations regulations and rules.**

23. The cost estimates for the additional resources required to carry out the detailed cost study and implementation plan amount to a total of $2,215,200 (A/60/846/Add.1, para. 79). This includes $300,000 under section 28D, Office of Central Support Services, $1,500,000 for consultancy services under section 28A, Office of the Under-Secretary-General for Management and $55,200 under section 35, Staff assessment, to be offset by an equal amount under section 1, Income from staff assessment, under the programme budget for the biennium 2006-2007. A further $360,000 under section 28A, Office of the Under-Secretary-General for Management, of the programme budget for the biennium 2006-2007, is requested for general temporary assistance for the temporary replacement of staff seconded to the user needs definition process. **The Advisory Committee recommends acceptance of these requested resources.**

III. Budget implementation (A/60/846/Add.2)

24. The Secretary-General's proposals concerning limited budgetary discretion during budget implementation are contained in A/60/846/Add.2. The specific action to be taken by the General Assembly is outlined in paragraph 35. The observations of the Advisory Committee are contained in paragraphs 25 to 36 below.

A. Transfers between sections of the budget

25. Proposals related to the transfer of appropriations between budget sections are contained in paragraphs 35 (a) and (b) of A/60/846/Add.2. The Advisory Committee notes, as indicated by the Secretary-General in paragraph 6 thereof, that current proposals are presented in modified form in comparison with that contained in the initial report of the Secretary-General (A/60/692 and Corr.1, proposal 16).

26. As indicated in paragraph 15 of A/60/846/Add.2, parts VII to IX and XI to XIV would be excluded from the authority to transfer resources between sections since they each contain only one section. Upon request, the Advisory Committee was provided with a breakdown of the amounts approved for 2006-2007, both for parts with more than one section and for those containing only one (see annex III).

27. As can be seen from the table in annex III, the total amount approved by the General Assembly for 2006-2007 in resolution 60/247 A of 23 December 2005 amounts to $3,798,912,500 gross ($3,401,084,600 net). It is not clear from the parameters defined in paragraph 16 (f) of A/60/846/Add.2 whether the request for

authority to move not more than 10 per cent of the approved budget refers to the gross or the net budget. Upon enquiry, the Committee was informed that the amount proposed was intended to be 10 per cent of the net budget.

28. The Secretary-General has, at present, the authority to transfer funds within sections of the budget subject to the provisions of General Assembly resolution 55/231 of 23 December 2000. In paragraph 17 of that resolution, the Assembly decided that any transfer of resources between post and non-post objects of expenditure would require its prior approval. For the present 2006-2007 biennium, the Secretary-General may transfer funds between sections of the budget with the concurrence of the Advisory Committee (Assembly resolution 60/247 A, para. 2). Paragraphs 9 to 14 of A/60/846/Add.2 provide background information on the flexibility currently available to the Secretary-General, as well as a history of this authority.

29. The Advisory Committee has, in the past, called for the Secretary-General to be given greater flexibility. In this connection, the Committee recalls that, in connection with the proposed programme budget for the biennium 1992-1993, it recommended that every effort should be made to achieve a more flexible application of the procedure for transfers between sections of the budget.[5] In relation to results-based budgeting, the Committee pointed to the need to bear in mind the general principle that additional flexibility should be accompanied by additional accountability (A/55/543, para. 16). **The Advisory Committee reiterates that additional flexibility must be accompanied by a comprehensive and effective system of accountability (see paras. 6-9 above and General Assembly resolution 60/260, sect. I, para. 1). This includes the accountability of the Secretary-General to Member States, bearing in mind that it is the General Assembly which continues to exercise overall authority over the finances of the Organization, in accordance with Article 17 of the Charter.**

30. The Advisory Committee recalls that the General Assembly, in paragraph 35 of its resolution 57/300 of 20 December 2002, took note of the request of the Secretary-General for a degree of flexibility to reallocate resources between programmes and between allocations for personnel and other allocations within a single budget period and in exceptional circumstances, and requested the Secretary-General to develop criteria for the use of any such authorization, proposed modalities for reporting the duration and programmatic impacts of reallocations, including specification of the exceptional circumstances in which it would be used, and to report thereon to the Assembly, through the Advisory Committee, for its consideration at its fifty-eighth session. The Committee was informed that the requested report has not been submitted.

31. **The Advisory Committee studied the proposals of the Secretary-General against the above-mentioned background. It is, however, of the opinion that the current proposals of the Secretary-General lack sufficient clarity and detail to be ripe for consideration at the present stage (see also para. 3 above).** For example, the Committee notes in paragraph 16 (f) of A/60/846/Add.2 a reference to "10 per cent of the approved programme budget". However, in paragraph 35 (a) of the document, the Secretary-General requests authorization to "transfer up to 10 per cent of appropriations". Aside from the question of whether this amount is of the net

[5] *Official Records of the General Assembly, Forty-sixth Session, Supplement No. 7* (A/46/7), para. 22.

or the gross budget (see the clarification in para. 27 above), the Committee was unable to establish definitively whether the 10 per cent refers to the entire budget or to individual sections of the budget; moreover, if it does refer to the entire budget, it is unclear if the amount is to be 10 per cent of the whole, or only 10 per cent of the total appropriation for those parts which contain more than one section. Further complicating the matter, the proposed amendment to financial regulation 5.6, as contained in paragraph 35 (b) of A/60/846/Add.2, makes no reference to any percentage at all, but simply provides for a blanket authority "to make transfers between appropriation sections, within parts, during implementation of the budget". Also, the Committee notes the lack of a full response to the requests of the General Assembly in paragraph 35 of its resolution 57/300 (see para. 30 above).

32. **Under the circumstances, the Advisory Committee recommends that the General Assembly request the Secretary-General to rework his proposal. His resubmission should clarify the issues referred to in paragraphs 29 to 31 above and establish that the integrity of the programme budget process would continue to be respected. The Secretary-General should also provide a full analysis and justification of the scope and level of discretionary authority requested, including information on any instance in which the need for greater discretionary authority was made evident.**

33. As pointed out in paragraph 28 above, the Secretary-General does not currently have the authority to effect transfers between post and non-post resources, even within sections. However, in actuality such transfers are made and reported in the first and second performance reports. **While this technically complies with current procedures (since the performance reports contain only proposed estimates), the Advisory Committee is of the view that the situation should be rectified and that the Secretary-General should submit a proposal in this regard as soon as possible.**

B. Adjustments to the staffing table

34. In paragraph 35 (c) of A/60/846/Add.2, the Secretary-General proposes that the General Assembly approve three broad grouping of posts for budgetary implementation, namely (a) category I: D-1/D-2; (b) category II: P-1 to P-5, inclusive of National Officer and Field Service posts; (c) category III: General Service (Other level), General Service (Principal level), Local level and Trades and Crafts. In paragraphs 35 (d) and (e), the Secretary-General proposes that he be requested to ensure that, in exercising management of the groups of posts, the staffing table for the Secretariat as a whole and the level of the overall appropriation be respected and that he report to the General Assembly on the management of the staffing table in the context of the first and second performance reports on the programme budget.

35. The Advisory Committee notes that, in accordance with the parameters defined in the report (A/60/846/Add.2, paras. 28-32), authority would be granted to the Secretary-General, within the approved staffing table for the Secretariat as a whole for a given budget period, for post actions (redeployment, reclassification and conversion) to be undertaken for up to 10 per cent of posts within and between the three broad categories without affecting the total number of posts authorized for the

period. As noted in paragraph 28 of the report, the Secretary-General is not seeking any discretionary authority with regard to the creation or suppression of posts.

36. **The Advisory Committee, as noted in the report A/60/846/Add.2, has consistently supported greater discretionary authority in this area. In this connection, the Committee recalls that, in its first report on the proposed programme budget for the biennium 2004-2005, it recommended that the staffing table should be managed as a whole and that existing authority for the Secretary-General to reclassify posts be refined so as to provide the ability to reclassify posts from G-1 to G-6 and from P-1 to P-5, provided that the overall number of posts in each grade does not change.[6] The General Assembly has yet to definitively pronounce itself on these recommendations (see General Assembly resolution 60/246). Moreover, any proposals to redeploy up to 10 per cent of posts within or between the specified categories is linked to the proposal concerning transfers between budget sections and, as such, needs to be clarified (see para. 31 above). The Advisory Committee will therefore reserve judgement on this proposal until the Assembly has made a policy decision on the matter.**

IV. Financial management practices (A/60/846/Add.3)

37. The proposals of the Secretary-General concerning the adoption of IPSAS, the financial management of peacekeeping operations, the level of the commitment authority for peacekeeping operations, the level of the Working Capital Fund, the treatment of budget surpluses, the establishment of a fund to accommodate unanticipated expenditures arising from exchange rate fluctuations and inflation and the charging of interest on arrears in a Member State's assessed contributions are contained in A/60/846/Add.3. The specific action to be taken by the General Assembly on all of these proposals is outlined in paragraph 112 of the document. The observations and recommendations of the Advisory Committee are contained in paragraphs 38 to 65 below.

A. International Public Sector Accounting Standards

38. In paragraph 22 of A/60/846/Add.3, the Secretary-General proposes the adoption by the United Nations of IPSAS as part of a United Nations system-wide adoption of IPSAS by 2010 at the latest, and the appropriation of $2,009,700. As noted in paragraph 12 of the document, the United Nations System Chief Executives Board for Coordination (which is chaired by the Secretary-General) has endorsed a recommendation from its High-level Committee on Management for the adoption of IPSAS throughout the United Nations system. Upon request, the Advisory Committee was provided with a description of the basic differences between the United Nations System Accounting Standards (UNSAS) and IPSAS, together with a summary of the advantages and disadvantages of the latter (see annex VI.A).

39. The Secretary-General's proposal is based on phased implementation within the broader United Nations system, by which a few pilot organizations, or early adopters, would implement the Standards effective 1 January 2008, while the majority of organizations would implement them effective 1 January 2010. Upon

[6] Ibid., *Fifty-eighth Session, Supplement No. 7* (A/58/7), para. 74.

request, the Advisory Committee was provided with a table showing the timing of submission of reports concerning the adoption of IPSAS to the governing bodies of the organizations of the United Nations system (see annex IV).

40. At present, the Secretary-General estimates the costs to be borne by the United Nations from 2006 to 2010 at $23 million (see A/60/846/Add.3, annex II). For the biennium 2006-2007, estimated requirements amounting to $2,009,700 provide for four posts (1 P-5, 1 P-4, 1 P-3 and 1 General Service (Other level)) and related costs under section 28B, Office of Programme Planning, Budget and Accounts ($1,428,900), section 28D, Office of Central Support Services ($108,600) and section 35, Staff assessment ($48,200), to be offset by an equivalent amount under income section 1, Income from staff assessment, as well as for estimated requirements under section 30, Jointly financed administrative activities ($424,000) relating to the portion of cost-shared system-wide activities. Upon request, the Committee was provided with additional information concerning the functions to be carried out by the staff requested (see annex V).

41. As indicated in paragraph 18 of A/60/846/Add.3, the United Nations strategy is to integrate the adoption of IPSAS into the proposed upgrading of its information technology systems and the replacement of IMIS with an enterprise resource planning system. As noted in paragraph 19 of the document, IPSAS are compatible with off-the-shelf accounting software. A provisional timetable for the adoption and implementation of IPSAS by the United Nations is provided in annex II to the document.

42. **It is clear to the Advisory Committee that the Organization should move from UNSAS to IPSAS. Inasmuch as the decision to replace IMIS with a next-generation enterprise resource planning system is contingent upon the completion of the comprehensive report proposed by the Secretary-General in paragraph 80 (d) of A/60/846/Add.1, it is the view of the Committee that the proposed timetable for implementation should be realistic and would need to be synchronized with the introduction of any new information technology system. The Committee therefore recommends the adoption of IPSAS and approval of the requested resources to begin its implementation, with the stipulation that expenditure relating to the information technology aspect of implementation should await a definitive decision by the Assembly on the system to be used.**

B. Financial management of peacekeeping operations

(a) Consolidation of peacekeeping accounts

(b) Consolidation of resolutions on the financing of peacekeeping operations

(c) Consolidation of peacekeeping assessments

(d) Delinking of peacekeeping assessments from Security Council mandates

(e) Utilization of unencumbered balances, interest and other miscellaneous income

(f) Consolidation of individual performance reports

(g) Credits to Member States

(h) Settlement of outstanding liabilities in the accounts of closed peacekeeping operations

43. The specific action to be taken by the General Assembly on the financial management of peacekeeping operations is outlined in paragraphs 36 and 112 (b) to (i) of A/60/846/Add.3.

44. In paragraph 29 of the document, the Secretary-General indicates that the consolidation of peacekeeping accounts into a single account would permit more consistent and timely reimbursement to troop- and police-contributing countries, facilitate planning for Member States, facilitate the review of the financing of peacekeeping operations by the legislative bodies, allow greater flexibility in the use of peacekeeping resources and simplify the legislative and administrative processes for the financing of peacekeeping operations.

45. The Advisory Committee notes the advantages described by the Secretary-General. There are, however, certain difficulties, a number of which were referred to by the Committee in its report dated 4 April 2003 (A/57/772). In paragraph 27 of that report, the Committee noted that the Secretary-General himself had acknowledged that the approach outlined in his report of the feasibility of consolidating the accounts of the various peacekeeping operations (A/57/746) was not compatible with current financial procedures required under the Financial Regulations and Rules of the United Nations. Moreover, it pointed out, in particular, that the delinking of assessments from Security Council action on individual mandates might create complications for some Member States which, in accordance with their domestic legal requirements, require such Security Council action before they could pay assessments.

46. In response to the Committee's continued concern regarding the need to maintain a direct link between peacekeeping assessments and the specific mandates (mandate periods) approved for each mission by the Security Council, the Secretariat outlined an approach to consolidation which could be adopted to maintain the link. In this scenario, assessments would be issued four times during each peacekeeping financial period, that is, in July, October, January and April to coincide with the most current Security Council mandates. Each assessment would be based on the amount approved for each mission and prorated to reflect the duration of the mission's Security Council mandate within the peacekeeping financial period. To reflect that approach, the Secretariat provided the Committee with a revised version of the proposal in paragraph 36 (d), which read, as follows:

> "(d) Approve the issuance of consolidated peacekeeping assessments quarterly during each peacekeeping financial period (in July, October, January and April), based on the approved appropriation line for each peacekeeping mission and the mandate periods approved for each mission by the Security Council, subject to the provision that such assessments should also cover any outstanding unassessed appropriations from prior financial periods".

The Committee was also provided with an illustrative table showing the impact of consolidation while retaining the linkage between assessments and the mandate (mandate period) approved by the Security Council (see annex VII).

47. **Thus, it appears that the problem of the delinking of assessments from Security Council action is being addressed. However, a more fundamental issue remains, namely, since peacekeeping operations have a history of problems with withheld or late payments, those which pay their assessments promptly and in full will be subsidizing those which do not. Indeed, the Secretary-General acknowledges that overall availability of cash would continue to depend on the overall prompt payment of assessments by Member States (A/60/846/Add.3, para. 29 (a)). It is for Member States to decide whether or not the managerial advantages of consolidation of peacekeeping accounts outweigh this basic fact. Consideration of the related proposals of the Secretary-General (A/60/846/Add.3, paras. 112 (b)-(d) and (f)-(i)) depends on such decision as the General Assembly may take with regard to the underlying issue of consolidation of accounts.**

48. **The Advisory Committee expects that, whatever the decision reached, the scope and quality of information provided on the financing of peacekeeping operations will remain undiminished.**

C. Commitment authority for peacekeeping operations

49. In paragraphs 59 and 112 (j) to (l) of A/60/846/Add.3, the Secretary-General proposes increasing the upper limit of the authority to enter into commitments from the present $50 million to $150 million, regardless of the number of Security Council decisions; increasing the delegation of commitment authority to the Advisory Committee to $150 million; and revising financial regulations 4.6 and 4.8 accordingly.

50. The current arrangements for commitment authority are set out in section IV, paragraph 1, of General Assembly resolution 49/233 A of 23 December 1994. The arrangements for commitment authority prior to the approval of a mandate were endorsed by the General Assembly in its resolution 56/292 of 27 June 2002. By its resolution 59/299 of 22 June 2005, the Assembly approved the inclusion of strategic deployment stocks replenishment within the commitment authority described in resolution 49/233 A (i.e., without raising the ceiling). The argument for raising the level of individual commitment authority is based on the perceived need to increase the speed with which strategic deployment stocks are reconstituted in order to maintain the readiness of the Department of Peacekeeping Operations to deploy subsequent missions in a timely manner, as well as on the proposed inclusion in the pre-mandate authority of resources for a dedicated planning team in the Department of Peacekeeping Operations and technical assessment missions. The Secretary-General asserts that the increase in the level of the commitment authority would permit the replenishment of strategic deployment stocks before the initial budget of mission is finalized and a commitment authority or appropriation with assessment is approved by the Assembly, "which can take up to 90 days" after the Security Council adopts a resolution (A/60/846/Add.3, para. 47). The estimated costs associated with the proposed rapid deployment sequence for a complex mission, as set out in the table following paragraph 48 of A/60/846/Add.3, amount to $153.6 million and the estimated cost of the dedicated planning team of 43 temporary posts for a six-month period for a complex mission to $7.2 million. As indicated in paragraph 51 of the document, the composition of the dedicated planning team would be determined on a case-by-case basis and presented to the Advisory

Committee for its review and concurrence as part of the pre-mandate commitment authority.

51. The Advisory Committee enquired as to whether there had been a case in which the existing $50 million ceiling applying to each Security Council decision had presented a problem. It was informed that only in the case of the Sudan had strategic deployment stocks shipped in the first 120 days of the start-up phase approached $50 million. The Committee was also informed that the mission foreseen for Darfur could come close to the $50 million; however, it was not clear what the structure of the mission would be.

52. **The Advisory Committee points out that the current level of commitment authority was set in 1994 in response to a spike in peacekeeping activities. One of the concerns in setting the level at that time was a desire to avoid putting in place permanent measures to deal with an anomaly. As was the case in 1994, it is not clear that the current heightened level of peacekeeping activity will continue. Furthermore, as noted in paragraph 39 of A/60/846/Add.3, under the terms of resolution 49/233 A, if a decision of the Security Council results in the need for the Secretary-General to enter into commitments for the start-up phase of peacekeeping operations in an amount exceeding $50 million per decision of the Security Council, or exceeding a total of $150 million, the matter is brought to the General Assembly as soon as possible for a decision on commitment authority and assessment.**

53. **Moreover, commitment authority, by its nature, is decided upon on an urgent basis for the start-up phase of a mission when there is no time for the considered reasoning that goes into preparing a full budget and setting up an organizational structure. The Committee has, in the past, cautioned the Secretariat not to present de facto budgets in connection with requests for commitment authority because the Committee does not want to be in a position in which it would, in essence, agree to a budget and all the decisions that go along with it, without the necessary time for proper elaboration and consideration.**

54. **For the reasons stated above, the Advisory Committee recommends that the current procedures for granting of commitment authority be maintained.**

D. Working Capital Fund

55. In paragraphs 68 and 112 (m) of the addendum, the Secretary-General proposes an increase in the level of the Working Capital Fund from the current $100 million to $250 million. The Advisory Committee recalls the views it expressed on the matter in 1990, as follows:

> "In the opinion of the Advisory Committee, the Working Capital Fund is a mechanism for ensuring an orderly cash flow which can only work properly when the financial regime of the Organization is respected by Member States; an increase in its size should only be contemplated as a purely technical consequence of an increase in the size of the Organization's assessed budgets and not as a solution to a political problem" (A/45/860, para. 4).

56. In making his proposal, the Secretary-General notes that, in 1963, the level of the Fund ($40 million) represented 43.1 per cent of the annual budget. In 1981, in

response to the fact that the level of the Fund had declined to 6 per cent of the budget, the decision was made to increase it to $100 million. The level of the Fund has not changed since that time, despite proposals to increase it. The Advisory Committee was informed that, in 1981, $100 million represented 14.9 per cent of the budget for one year. It now stands at approximately 5.2 per cent of the current regular budget for one year.

57. **The Advisory Committee remains of the view (see A/60/735 and Corr.1, para. 29) that the proposal to increase the level of the Working Capital Fund and the manner in which any such increase would be financed, are policy matters for decision by the General Assembly.**

E. Budget surpluses

58. The Advisory Committee notes that the proposals of the Secretary-General do not apply to surpluses from efficiency gains, which, in accordance with General Assembly resolution 52/12 H of 9 January 1998, should be credited to the Development Account. As stated in paragraph 69 of the addendum, under financial regulations 5.3 to 5.5, budgetary surpluses are returned to Member States after a financial period. Those financial regulations have been suspended on a number of occasions as a measure to deal with the Organization's financial problems. The current balance of retained surpluses stands at $124 million ($68.4 million for the regular budget, $19.6 million for the United Nations Interim Force in Lebanon (UNIFIL) and $36 million for the United Nations Emergency Force (UNEF)/the United Nations Disengagement Observer Force (UNDOF)). As the Secretary-General points out, the extent to which such a measure achieves the objective of increasing the cash available to the Organization depends on the extent to which Member States pay the additional assessments stemming from the retention of surpluses.

59. As indicated in paragraph 72 of A/60/846/Add.3, the Committee on Contributions has, in the past, considered the possibility of making the return of unencumbered balances and surpluses dependent on the status of a Member State's payment of assessed contributions, as a measure to encourage the payment of arrears. It decided not to consider measures to encourage the payment of arrears further unless it receives guidance thereon from the General Assembly.

60. In paragraph 75 A/60/846/Add.3, the Secretary-General proposes that the General Assembly may wish: (a) to decide on the temporary retention of budgetary surpluses through the suspension of the relevant parts of financial regulations 5.3, 5.4 and 5.5; and (b) to decide whether the future distribution of surpluses might be applied to (i) establishing a fund to accommodate unanticipated expenditure arising from exchange rate fluctuations and inflation, (ii) meeting the Organization's unfunded liabilities arising from the after-service health insurance scheme or (iii) financing an increase in the Working Capital Fund.

61. **The Advisory Committee points out that the General Assembly, which has recognized the end-of-service accrued benefit liabilities reported by the Secretary-General (see Assembly resolution 60/255 of 8 May 2006, sect. III, para. 3), has yet to take a decision on the measures proposed by the Secretary-General in his report of 27 October 2005 (A/60/450 and Corr.1) to fund accrued liabilities for after-service health insurance benefits, which include proposals to**

utilize budget surpluses. Therefore, action on the utilization of budget surpluses should await a decision by the Assembly on that matter. The Committee's views on the establishment of a fund to cover unanticipated expenditures arising from exchange rate fluctuations and inflation are set out in paragraphs 62 to 64 below. The Committee's views on the proposal to increase the Working Capital Fund are contained in paragraphs 55 to 57 above.

F. Fund to accommodate unanticipated expenditures arising from exchange rate fluctuations and inflation

62. In paragraphs 101 and 102 of A/60/846/Add.3, the Secretary-General proposes the establishment of a reserve fund for adjustments resulting from variations in respect of currency fluctuations, inflation in non-staff costs and statutory cost increases for staff and suggests that the Assembly may wish to consider the mode of funding such a reserve fund (through retained surpluses or by new assessments).

63. As noted in paragraphs 96 to 98 of A/60/846/Add.3, the proposal for the establishment of such a reserve fund at an initial level of $150 million was submitted to the General Assembly in part D of the introduction to the proposed programme budget for the biennium 2006-2007 (A/60/6 (Introduction)). The Advisory Committee commented on the proposal in its first report on the proposed programme budget for 2006-2007 (A/60/7, paras. 100 and 101) and again in its report on the Secretary-General's initial reform proposal (A/60/735, para. 31). No decision was taken by the Assembly at the main part of its sixtieth session.

64. **The Advisory Committee's position on this matter is well documented, both in its own reports and in the report of the Secretary-General under consideration (A/60/846/Add.3). The Committee remains of the view that the problems associated with the establishment of such a fund outweigh any possible advantages. It therefore, once again, recommends continuation of the current system, whereby requirements are adjusted annually on the basis of the most recent forecast by the Secretary-General of inflation and exchange rates.**

G. Charging of interest on arrears in a Member State's assessed contributions

65. In paragraph 107 (a) of A/60/846/Add.3, the Secretary-General proposes that the General Assembly consider charging interest on Member States' arrears of assessed contributions. **The Advisory Committee is of the view that it is for the General Assembly to decide whether it wishes to revisit this issue.**

V. Improving reporting mechanisms, including public access to United Nations documentation (A/60/846/Add.4)

66. A/60/846/Add.4 details proposals concerning the development of a single annual report of the Secretary-General on the performance of the Organization, streamlining of management and finance-related reports and public access to United Nations documentation. Specific actions to be taken by the General Assembly are outlined in paragraph 49 of the addendum.

A. Comprehensive annual report containing both financial and programme information

67. In paragraph 49 (a) of A/60/846/Add.4, the Secretary-General proposes that the General Assembly may wish to take note of his intention to submit a single comprehensive annual report which would contain both financial and programme information. The proposed structure of the report is described in paragraph 12 of the addendum. The Committee notes, that as indicated in paragraph 17 of the addendum, requirements for the production of the 2005 report would be met from within resources approved under the programme budget for the biennium 2006-2007, but that additional resources would be required in the future under section 1, Overall policymaking, direction and coordination, for annual audits of financial statements by the Board of Auditors. As indicated in the same paragraph, the quantum of resources and programmatic implications for the Board are currently under review by the Board.

68. **The Advisory Committee welcomes the intention of the Secretary-General to prepare and submit to the General Assembly a single comprehensive annual report containing both financial and programme information. However, in the view of the Committee, there is a need to define more clearly the purpose of the report and the target audience.** In paragraph 9 of addendum 4, for example, the Secretary-General states that the report, "given its blending of strategic perspective and performance analysis of the key programmes, is intended to be a tool to enhance accountability of the Secretariat to Member States and to the public at large" and in paragraph 10 that it would "provide the information necessary for the General Assembly and the global public to assess the Organization's performance and management of resources". In paragraph 8, it is stated that the report "would not require action by Member States".

69. **The Advisory Committee believes that the attempt to provide one report to serve the needs of both the general public and Member States will result in a document that is too technical for the former and too general for the latter. The Committee recommends therefore that, at this stage, the Secretary-General concentrate on developing a comprehensive financial and programme report for the General Assembly. The Committee also recommends that most of the appendices be eliminated; they would contain information which is, for the most part, readily available on websites or elsewhere. In the opinion of the Committee, the comprehensive financial and programme report would, for the time being, complement and not replace the report of the Secretary-General on the work of the Organization required under Article 98 of the Charter.**

B. Consolidation of related reports

70. In paragraph 49 (b) of A/60/846/Add.4, it is proposed that the General Assembly may wish to welcome the ongoing efforts of the Secretary-General to consolidate reports on related subjects, if so decided by the Main Committees, and endorse the consolidation of 45 reports into 6, as reflected in annex I to addendum 4.

71. **The Advisory Committee welcomes efforts to consolidate reports, and has sought to do so in its own reporting on related subjects. The Committee notes**

that the bulk of the reports to be consolidated (34) are dependent on a decision of the Assembly on the proposals to consolidate the financial performance reports and budgets of the peacekeeping operations as set out in addendum 2 to the report of the Secretary-General and discussed in paragraphs 43 to 47 above. Should the General Assembly not accept those proposals, the consolidation would be from 45 reports to 38.

C. Public access policy

72. In paragraph 49 (c) of A/60/846/Add.4, the Secretary-General proposes that the General Assembly may wish to take note of the Secretary-General's new policy for public access to United Nations documentation, which is outlined in paragraphs 31 to 41 of the addendum. Under the new policy, all United Nations departments and offices, including offices away from Headquarters, peacekeeping missions, special political missions and tribunals are to make available to the public any document produced or received by the United Nations, subject to a number of exceptions enumerated in paragraphs 33 and 34 of the addendum. The policy is to be implemented in two phases, the first from 2006 to May 2008, and the second from June 2008 onwards. The plan of action for implementation of the policy is set out in paragraphs 42 to 44 of addendum 4.

73. It is estimated that total requirements will amount to $6,773,000. For the biennium 2006-2007, the Secretary-General requests appropriation of an amount of $1,820,900 to provide for three posts (1 P-5, 1 P-4 and 1 General Service (Other level)) and non-post resources under section 28 D, Office of Central Support Services ($1,743,800) and section 35, Staff assessment ($77,100) to be offset by an equivalent amount under income section 1, Income from staff assessment. Upon request, the Advisory Committee was provided with a detailed breakdown of the requirement (see annex VIII).

74. **The Advisory Committee welcomes the Secretary-General's efforts to elaborate a clear and systematic policy for public access to United Nations documentation and trusts that the text of the policy, when it is fully elaborated, will be made available to the General Assembly. In the view of the Committee, before action is taken to implement the new policy, it is important to explore the possibility of a fee structure and financing mechanisms, where appropriate. The Committee also points to the importance of adequate measures to ensure multilingualism in accordance with General Assembly resolution 59/309 of 22 June 2005.**

Annex I

Summary of additional requirements for the biennium 2006-2007 by proposal, budget section and related paragraph references

Proposal	Paragraph reference for summary resource requirements	Posts			Resource requirements (US dollars)					
		Section 28 A, OUSG/M	*Section 28 B, OPPBA*	*Section 28 D, OCSS*	*Section 28 A, OUSG/M*	*Section 28 B, OPPBA*	*Section 28 D, OCSS*	*Section 30, Jointly financed administrative activities*	*Section 35, Staff assessment*	*Total*
Under proposal 8 (see A/60/692), the post of Chief Information Technology Officer would be created, at the Assistant Secretary-General level, to oversee the creation and implementation of an effective information management strategy.	A/60/846/Add.1, paras. 15, 80 (a), 80 (c)	1 ASG	—	—	145 600	—	166 000	—	23 900	335 500
Under proposals 9-10 (see A/60/692), an urgent upgrading of Secretariat-wide ICT systems would be undertaken.	A/60/846/Add.1, paras. 79, 80 (c)[a]	—	—	—	1 860 000		300 000		55 200	2 215 200
Under proposal 17 (see A/60/692), the United Nations would, inter alia, adopt the International Public Sector Accounting Standards (IPSAS) for its financial statements as part of a United Nations system-wide adoption of IPSAS by 2010.	A/60/846/Add.3, paras. 21, 22, 112 (u)		1 P-5, 1 P-4, 1 P-3, 1 GS (OL)		—	1 428 900	108 600	424 000	48 200	2 009 700
Under proposal 19 (see A/60/692), improvements would include a policy that will make possible clearer rules for public access to Secretariat documentation	A/60/846/Add.4, paras. 48, 49 (d)			1 P-5, 1 P-4, 1 GS (OL)			1 743 800		77 100	1 820 900
Total		**1 post**	**4 posts**	**3 posts**	**2 005 600**	**1 428 900**	**2 318 400**	**424 000**	**204 400**	**6 381 300**

[a] Requirements include staff assessment of $55,200 related to general temporary assistance provisions for replacement of staff seconded to the user needs definition process (under proposals 9-10).

Abbreviations

OUSG/M, Office of the Under-Secretary-General for Management; OPPBA, Office of Programme Planning, Budget and Accounts; OCSS, Office of Central Support Services.

Annex II

IMIS gap study: overview of key gaps identified in IMIS and other existing tools

A. Financial management

IPSAS requirements	*Functional gaps identified in IMIS and other existing tools*
• Recognition of non-current asset acquisition, impairment and/or disposal • Recognition and tracking of inventory acquisition and sale/disposal	• Full integration between fixed asset system (finance) and inventory systems (supply chain management)
• Recognition of accrued liability[TP][PT][a] in relevant statement of financial position	• Tracking, ageing and monitoring of billing, invoices and receivables
• Recognition of voluntary receipt of funds	• Customer relations management capabilities for purposes of billing generation, receipt of funds generation, monitoring and tracking of current and historical billing and adjustment detail
• Recognition of liabilities for employee benefit obligations such as After-Service Health Insurance, annual leave, pension and repatriation grants	• Full and real-time accounting of applicable human resources benefits obligations as liabilities in finance systems

[a] [TP][PT] accrued liabilities are liabilities which have occurred, but have not been paid during an accounting period. Examples would include accrued wages payable, accrued sales tax payable and accrued rent payable.

	Strategic aspirations	*Functional gaps identified in IMIS and other existing tools*
Budgeting	• Global performance and/or results-based budgeting and activity [project] based budgeting • Real-time budget implementation and reporting	• Budget implementation module that connects non-financial with financial data for performance monitoring and updating of budget • Budget preparation module that aids in planning and defence of budget (financial and non-financial data) from project manager level up

	Strategic aspirations	*Functional gaps identified in IMIS and other existing tools*
Treasury	• Improved cash management to maximize leverage of funds in transit while minimizing risk • Improved forecasting	• Maintenance of accounts in multiple currencies • Cash pooling capabilities • Automated reconciliation of bank accounts • Full integration between billing, invoicing, accounting and payments processing systems
Commercial services and travel	• User self-service • Monitor expenditure at activity level • Institute customer relations management	• Automation of travel request pre-process • Automation of interactions between United Nations and travel agency • Customer relations management capabilities
Accounting	• Institution of IPSAS • Consistent worldwide data on a timely basis	• Tracking, ageing, monitoring of invoices and receivables • Automated opening, closing and reconciliation of accounts • Fully integrated accounting ledgers that truly incorporate human resources and supply chain management information auto finance
Contributions	• Automate assessment and billing process • Be able to provide real-time information on Member State's account to customer	• Billing generation, monitoring and tracking • Tracking historical billing and adjustment detail • Receipt generation • Customer relations management capabilities

B. Human resources management

	Strategic aspirations	*Functional gaps identified in IMIS and other existing tools*
Staffing and recruitment	• Effectively develop strategic workforce planning capacity (medium/long term) and departmental/office planning capacity (short/medium term) to meet General Assembly mandates • Upstream staffing and recruitment in order to rapidly and efficiently meet recruitment goals with talented staff	• Workforce planning tools: scenario analysis, simulation, mission planning templates • Roster management • Automation of all recruitment functions (e.g. entry-level, General Service, consultant, 200 series, language recruitment, intern placement)
Staff administration	• Consistent administration across staff type and duty station • Increased transparency and staff responsiveness • Reduce administrative burden	• Administration of all staff and non-staff in a single system • Increased self-service capabilities to reduce administrative burden (e.g. data input)
Staff development	• Actively and effectively promote staff professional development • Effective management of mobility programme	• Skills inventory and skills development tracking, fully linked to recruitment and performance records • Staffing, table management (position, not post management), to track historical and current location/job function of every individual
Compensation	• Accurately process payroll across staff type and duty station	• Conduct local mission staff payroll through IMIS • Incorporation of non-staff payment • 24/7 access to IMIS

C. Supply chain management

	Strategic aspirations	*Functional gaps identified in existing tools*
Demand forecasting	• Compile demand estimates through statistical analyses of comprehensive datasets • Contribute to reduced volatility in procurement process	• Generation of standardized, accessible consumption rate reports to enable forecasting • Organization-wide resource need assessment • Creation and tracking of efficiency indicators

	Strategic aspirations	*Functional gaps identified in existing tools*
Procurement	• Improve transparency in procurement and vendor performance management processes	• Tracking capability from requisition to delivery (with no manual entry) • Access to comprehensive vendor history incorporating prior performance reviews • Automation of procurement process, including receipt and inspection, certification, claims, damage and discrepancy • Link purchase order to asset throughout process
Logistics	• Improve visibility across supply chain • Accommodate diverse organizational needs	• No system to integrate finance, procurement and asset management • Galileo's inventory tracking and management functionality does not link to IMIS • Significant parts of the logistics process are not automated at all
Disposal	• Ability to undertake global asset disposal	• No systems to handle various requirements relating to asset disposal • Inventory and asset management completely distinct from finance

D. IMIS system gaps and issues

Technical criteria	*IMIS observations and technical assessment*
Consolidation	• Multiple databases feed into a reporting database but users have access to both the reporting database and field databases. Reports can therefore access conflicting versions of data depending on choice of database. No single, global, integrated view of data exists. Consolidation would require a major enhancement of the entire application.
Integration	• Modules not found in IMIS have either been purchased off the shelf and interfaced with IMIS on an as-needed basis or built internally by the IMIS team over time. IT portfolios and their corresponding databases have proliferated and thus do not work as a unified whole. Real-time information is next to impossible to access among heterogeneous systems. IMIS does not provide a strong base for integration.

Technical criteria	*IMIS observations and technical assessment*
Availability	• Due to batch runs, maintenance and backups, access to IMIS can be limited at certain times. Users in the field are at times forced to alter work schedules in line with system availability.
Speed	• Application sometimes "stalls" and there is a lag time in processing the data entered. In existing IMIS, collection of information and application processing are integrated, which can reduce the speed of the application. The newer IMIS application allows IMIS to function like modern web-based applications, improving IMIS performance over a wide-area network.
Security	• No user-friendly integrated access to various IMIS and related system databases.
User interface	• User interface is not intuitive. Learning curve for new users is approximately 3-6 months and users have noted vague error messages and need for detailed training and access to training manuals as barriers to making full use of the application. Only central access to the application is available from designated United Nations locations.
Longevity	• IMIS written in Java connected to a Sybase database. Existing IMIS depends on specialized technologies that have very small user communities, reducing their probability of longevity. The newer IMIS application elements are based on Java, which somewhat addresses this concern.

E. Special needs of the Department of Peacekeeping Operations and other stakeholders

	Strategic aspirations	*Functionality gaps identified in existing tools*
Department of Peacekeeping Operations (DPKO)	• Anytime, anywhere access to financial, human resources and supply chain management information	• Ability to effectively function on DPKO wide-area network composed of satellite connections and intermittent connectivity challenges • Support for drastically increased user base on a "thin client" basis
Commercial services and travel	• User self-service • Monitor expenditure at activity level • Institute customer relations management	• Automation of travel request pre-process • Automation of interactions between United Nations and travel agency • Commercial services customer relations management and finance capabilities

Annex III

Breakdown of the programme budget for 2006-2007 by part

	Amount approved in General Assembly resolution 60/247 (US dollars)	
Parts of the budget with more than one section		
Part I. Overall policymaking, direction and coordination	661 589 700	
Part II. Political affairs	552 405 800	
Part III. International justice and law	77 246 300	
Part IV. International cooperation for development	372 156 400	
Part V. Regional cooperation for development	425 715 500	
Part VI. Human rights and humanitarian affairs	209 058 900	
Part X. Jointly financed administrative activities and special expenses	103 976 800	
Subtotal [1]	**2 402 149 400**	**63.2%**
Parts of the budget with only one section		
Part VII. Public information	177 302 500	
Part VIII. Common support services	511 375 800	
Part IX. Internal oversight	31 330 100	
Part XI. Capital expenditures	74 841 300	
Part XII. Safety and security	190 131 400	
Part XIII. Development Account	13 954 100	
Part XIV. Staff assessment	397 827 900	
Subtotal	**1 396 763 100**	**36.8%**
Total	**3 798 912 500**	

Annex IV

Timing of IPSAS adoption reports to governing bodies of United Nations system organizations

Organization	*Submission of report to governing body*	*Comments*
Food and Agriculture Organization of the United Nations (FAO)	May/September 2006 To Council, in 2007	FAO raised the issue of IPSAS adoption with its Finance Committee in May 2006. Adoption by FAO will require a recommendation by the Finance Committee to the FAO Council and approval by the FAO Conference in 2007. At the May 2006 session, the Finance Committee expressed its agreement in principle with adoption of the new standards, subject to decisions on the matter by the General Assembly. The Finance Committee will consider in September 2006 formal approval of IPSAS adoption.
International Atomic Energy Agency (IAEA)	April/May 2006	IAEA has informally (at the Finance and Administrative Workshop, April 2006) and formally (to the Finance and Budget Committee, May 2006) presented the proposed "United Nations system-wide IPSAS adoption by 2010" to the member States. At this stage, IAEA does not have a definite time frame for presentation of the adoption proposal to the member States.
International Civil Aviation Organization (ICAO)	February/April 2006	In February 2006, the ICAO Secretary General informed its governing body (ICAO Council) concerning IPSAS adoption. In addition, the impact of the adoption was presented to the Finance Committee of the ICAO Council in April 2006, which approved the detailed changes in process and reporting. At its next session, in June 2006, the Council will consider the impact of IPSAS adoption on ICAO and will be invited to approve the implementation of the action plan for the IPSAS adoption in 2008.
International Fund for Agricultural Development (IFAD)	See comment	IFAD has already adopted International Financial Reporting Standards (IFRS). This is consistent with the IPSAS requirement that government business enterprises, including financial institutions such as banks and lending agencies, apply IFRS.
International Labour Organization (ILO)	June/November 2006	ILO has had an informal discussion on IPSAS adoption at the meeting of the Programme, Finance and Administrative Committee of the Governing Body in June 2006 and will have a formal discussion during the November 2006 session of the Governing Body.

Organization	*Month-year that report goes to governing body*	*Comments*
International Maritime Organization (IMO)	96th Council session, 19-23 June 2006	IMO will be introducing the proposed change from UNSAS to IPSAS to the Council at its forthcoming 96th session which will be held from 19-23 June. Further developments will be presented at the Council's 97th session scheduled to be held from 6-10 November and regular updates (when appropriate) at subsequent sessions. The Council usually meets in June and November annually.
International Telecommunication Union (ITU)	April 2006/ June 2006	ITU raised the issue of IPSAS adoption with its Council in April 2006. At the April 2006 session, the ITU Council requested the ITU Financial Working Group to analyse the impact of the cost of IPSAS implementation. The ITU Financial Working Group has scheduled a meeting for 26 June 2006, at which the cost information will be presented.
United Nations Development Programme (UNDP)	June/September 2006	Information paper to be submitted to the Executive Board in June. If the General Assembly takes a decision prior to the September Executive Board meeting, then a paper for approval of IPSAS adoption will be presented at the September meeting.
United Nations Educational, Scientific and Cultural Organization (UNESCO)	September/ October 2006	An Executive Board document is under preparation for the autumn session (September/October 2006).
United Nations Population Fund (UNFPA)	September 2006 or later	UNFPA is tied in with UNDP. Once UNDP formally commits itself to a date, UNFPA will plan on taking the adoption of IPSAS up with the Executive Board.
Office of the United Nations High Commissioner for Refugees (UNHCR)	June 2006, raised informally	15 June 2006 informal consultation.
United Nations Children's Fund (UNICEF)	United Nations General Assembly timing	Once the General Assembly has made a decision on IPSAS adoption the UNICEF Board will be informed of the planned change.
United Nations Industrial Development Organization (UNIDO)	September 2006	UNIDO is expected to present this issue to its member States during the Programme and Budget Committee (PBC) to be held 2-6 September 2006.
United Nations Office for Project Services (UNOPS)	September 2006 or later	It is expected that UNOPS will follow the UNDP timetable

Organization	*Month-year that report goes to governing body*	*Comments*
United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)	United Nations General Assembly timing	UNRWA is governed by the General Assembly and, therefore, there is no need for UNRWA to submit separately. The UNRWA management has already agreed to implement IPSAS.
Universal Postal Union (UPU)	April 2006. Formal approval in 2008	At the April 2006 session of the Postal Operations Council, UPU informally discussed IPSAS implementation. UPU envisages requiring a recommendation from the Finance Committee to the UPU Congress in 2008 for formal approval.
World Food Programme (WFP)	12-16 June 2006	During the annual Executive Board session, 12-16 June 2006.
World Health Organization (WHO)	June 2006, informally. January 2007, formally.	WHO will raise the matter on an informal basis with some key member States during the World Health Assembly in June 2006. Formal documents will be presented to the WHO January 2007 meeting of the Executive Board and will include (to the extent possible) proposed changes to the Financial Regulations as a result of IPSAS adoption.
World Intellectual Property Organization (WIPO)	June 2006	The WIPO 2004-2005 Financial Management Report mentions that the Common System organizations have approved the introduction of IPSAS and its application no later than 2010. This report will be sent to member States shortly. It explains the main differences between IPSAS and UNSAS and states that WIPO will do its best to ensure a smooth transition to IPSAS. No decision has been made yet on whether the topic will be raised at the next session of the WIPO General Assembly in September/October 2006.

Annex V

Functions to be carried out by incumbents of the IPSAS posts to be established at the United Nations and peacekeeping operations

1. Incumbents of the posts to be established will have the following responsibilities:

- Managing the United Nations and peacekeeping IPSAS adoption projects and ensuring delivery of the outputs identified in the projects' terms of reference to all officers and staff performing accounting functions at offices, including offices away from Headquarters, regional commissions and peacekeeping missions. These outputs include:
  - Developing project and workplans;
  - Identifying the projects' critical path;
  - Liaising with any teams working on related projects, such as enterprise resource planning or revision of financial regulations and rules;
  - Providing information to key project stakeholders;
- Specifying contracted deliverables, engaging consultants and ensuring that the contracted deliverables are provided as specified;
- Completing specific implementation tasks, including:
  - Applying accounting policies to United Nations and peacekeeping specifics, including at peacekeeping missions, offices away from Headquarters and regional commissions (for example, determination of appropriate depreciation policies for vehicles, given their expected use and estimated useful life);
  - Adding United Nations- and peacekeeping-specific details to IPSAS-compliant model financial statements;
  - Incorporation of United Nations- and peacekeeping-specific technical content in accounting manuals;
  - Acting as lead trainers of United Nations and peacekeeping senior accounting staff to support training needs at all United Nations offices, including peacekeeping missions;
  - Developing, documenting and communicating United Nations-specific and IPSAS-compliant accounting procedures and workflow;
- Working with the system-wide IPSAS adoption team to identify and resolve implementation issues, to develop system-wide accounting policy and guidance, provide United Nations and peacekeeping responses on draft IPSAS and contribute to shared system-wide implementation decisions.

2. The incumbent of the P-5 post will be responsible for leading the team, developing project and work plans, identifying the project's critical path, engaging consultants, ensuring that the contracted deliverables are provided as specified and liaising with teams that are dealing with related projects, such as Enterprise

Resource Planning and revisions of the Financial Regulations and Rules, and working closely with the system-wide IPSAS adoption team. The incumbent of the P-4 post will be responsible for taking into account budgetary requirements, applying accounting policy and ensuring compliance with IPSAS model financial statements. The incumbent of the P-3 post will be responsible for training requirements and documentation/communication on United Nations-specific and IPSAS-compliant accounting procedures and workflow. The incumbent of the GS (OL) post will provide support to the team. It is recalled that the general temporary assistance requirements to be funded under the peacekeeping support account would provide for one P-4 and one P-3 post to strengthen the IPSAS team with respect to peacekeeping operations, particularly concerning the development of appropriate capitalization and depreciation policies, control changes and procedural changes, inventory valuations, the review of guidelines and arrangements for accounting for the transfer of equipment between missions and upon liquidation.

Annex VI

International Public Accounting Standards

A. Description of the basic differences between IPSAS and UNSAS

IPSAS requirements are on an accruals basis, UNSAS requirements modified accruals

1. UNSAS reporting requirements take a "modified accruals" approach that is very close to cash accounting. IPSAS requirements are on a full accruals basis. The effect of this is that IPSAS reports a larger group of items (assets and liabilities) on the balance sheet than does UNSAS. The pattern of expenses associated with these assets and liabilities is different. Under IPSAS, expenses associated with investments in assets are reported later than would be the case under UNSAS, while expenses associated with liabilities are reported earlier than would be the case under UNSAS.

IPSAS: Physical assets are capitalized and the related expense is reported as the asset is used

2. Under IPSAS the value of assets such as vehicles, computers, food and medical supplies is included on the balance sheet (Statement of Assets, Liabilities and Reserves and Fund Balances) when the assets are first acquired. The expenses associated with these assets would be reported in an organization's Statement of Income and Expenditure as follows:

- For assets such as cars or computers, their original cost is spread over their useful lives as the assets are used. The expenses are shown as "depreciation".
- For inventory such as stamps, food and medical supplies, their cost is expensed when the item is sold, transferred or used up.

3. Under UNSAS, such assets are not shown on the balance sheet. Instead, the cost of purchasing these assets is reported as expenditure in the Statement of Income and Expenditure, when the assets are purchased.

IPSAS: Employee obligations are reported as liabilities when the obligation occurs; the expense is reported at the same time

4. IPSAS requires that liabilities for After-Service Health Insurance (ASHI), repatriation grants and accrued annual leave be reported on an organization's balance sheet at the point that obligations are incurred. At the same time, the expense of these obligations must be reported. When the obligation is discharged by making payments or providing services to the employee, the reported liability is reduced accordingly.

5. Under UNSAS, organizations have a choice of treatments and most organizations do not report any liabilities for obligations incurred with respect to repatriation grants, ASHI and accrued annual leave on the balance sheet. The expenditures arising from these employee obligations are reported in the Statement of Income and Expenditure some time after the obligation occurs, when the payment to the employee is made or the service provided.

Qualitative differences between IPSAS and UNSAS

6. There are also basic qualitative differences between IPSAS and UNSAS. IPSAS standards are more detailed and prescriptive than UNSAS standards and have more credibility and more depth, because of the more rigorous process through which they are developed. IPSAS are better quality accounting standards than are UNSAS.

B. Advantages and disadvantages of IPSAS

Advantages	*Disadvantages*
IPSAS are credible, high-quality, independently produced accounting standards, underpinned by a strong due process.	
IPSAS are international accounting standards that represent current best practice for international organizations and meet best practice management requirements with respect to financial reporting. As IPSAS are consistent with accepted accounting practice, they will be more understandable to a wider group of financial statement users.	IPSAS are not specially developed (customized) for United Nations needs. IPSAS are developed with the information needs of a range of organizations in mind and with the aim of convergence, to the extent possible, with International Financial Reporting Standards (IFRS). This means that it will be necessary to provide some additional guidance when they are applied in the United Nations for Organization-specific issues.
IPSAS will improve the quality, consistency and comparability of United Nations financial reporting with consequential improvements in transparency, accountability, governance and financial management. For example, IPSAS requirements will make the present ASHI liability more visible by requiring that it be shown on the balance sheet.	An initial drawback of adopting IPSAS will be that additional resources will be required for investment in: training for accounting and administration staff, communication with and education of managers and users of the financial statements; review and amendment of policies, procedures and financial regulations and rules.
IPSAS adoption would enable the General Assembly to hold the Secretariat to a higher level of accountability for the proper management and tracking of its financial and non-financial assets.	
IPSAS requires full accrual accounting, which is necessary for best practice financial management and results in improved internal control and transparency with respect to assets and liabilities.	IPSAS may result in initial additional costs related to changes to asset and liability management as a result of the improved information about these items.
IPSAS will integrate non-expendable equipment into the accounting system, with resulting improvements in the accuracy and completeness of non-expendable equipment records.	The increase in coverage of assets may require an increase in ongoing data entry, but modern information systems have been designed to facilitate this type of data capture.
IPSAS provides more comprehensive information about costs that will better support results-based management.	
IPSAS will support more efficient use of United Nations financial and human resources and the efficient and effective conduct of its work.	

Advantages	*Disadvantages*
IPSAS are supported by the Board of Auditors and the Panel of External Auditors, Governments, professional accounting bodies and international organizations, such as the International Organization of Supreme Audit Institutions (INTOSAI), the Organization for Economic Cooperation and Development (OECD) and the World Bank.	Initial costs could arise relating to training, etc., as United Nations system auditors need to familiarize themselves with IPSAS requirements notwithstanding that auditors from some countries, for example Switzerland and South Africa, have already adopted IPSAS.
IPSAS are consistent with "off-the-shelf" information systems and should reduce ongoing costs of information system upgrades.	Without an upgrade or replacement of the present United Nations information system, IPSAS adoption will not be feasible.

Annex VII

Illustrative impact of consolidating peacekeeping accounts while retaining the linkage between assessments and mandate periods approved by the Security Council

In order to illustrate the impact of the implementation of the revised proposals for the consolidation of peacekeeping accounts, the table below compares actual assessments issued in the 2005-2006 financial period (including assessments expected to be issued in June 2006) under the present arrangements with those that would have been issued had the revised proposal for consolidation of peacekeeping accounts been implemented — with provision for maintenance of the linkage between assessments issued and mandate periods approved by the Security Council.

	Assessments 1 July 2005-30 June 2006	*Credits*	*Proposed consolidation*	
July	1 566 917 213	(169 019 089)	1 566 917 213	July 2005
August	64 918 170			
September	488 124 356			
October	180 637 625		733 680 151	October 2005
November	22 938 929			
December	1 217 934 232	(33 179 038)		
January	171 099 236	(238 990)	1 411 972 397	January 2006
February	430 746 676			
March	—			
April	448 419 176		879 165 852	April 2006
May	22 798 281			
June[a]	23 500 000		46 298 281	(July 2006)[b]
	4 638 033 894		**4 638 033 894**	

[a] Estimated assessments until the end of the fiscal period.
[b] To be combined with the July 2006 assessments for the fiscal period 2006-2007.

Annex VIII

Improving public access to United Nations information and improving reporting mechanisms

A. Improving access to United Nations information

Breakdown of requirements for 2006-2007

Item	*Purpose*	*Cost (thousands of United States dollars)*
Posts: 1 P-5, 1 P-4, 1 GS (OL)		464.0
General temporary assistance	See paragraphs 5 (a), 7 (a) and 9 (b) below	435.6
Travel of staff	For consultations and advisory/assessment missions to offices away from Headquarters	60.0
Contractual services	(a) Information disclosure and records experts to: conduct information products inventory; develop content for development programmes; develop Internet site	400.0
	(b) Training development and delivery at all duty stations	
IT support	Configure information system for request management and appeals system	96.0
Software	Software licenses	40.0
Premises and related equipment and supplies	Rent, furniture, computers, telephones and related charges and office supplies	248.2
Total		**1 743.8**

1. The resource requests relate to the following four objectives in support of implementing the access to information policy. All objectives would be under the overall supervision of the Section Chief. In addition, travel of staff resources ($60,000) would cover advisory/assessment missions to duty stations to meet all objectives of the information policy proposal, estimated at 10 trips.

Objective 1: Develop the strategic, substantive framework to implement the policy

2. The substantive work programme for the policy will be developed through strategic and operational planning that will include:

- Related policies, information circulars, procedures and guidance;
- Oversight mechanism, reporting requirements;
- Development of a model action plan that will set out the steps to be taken by Secretariat offices to ensure they are ready to comply with the policy;
- Programme management, including reporting, liaison with the Secretariat, including alignment with the programmes of the Office of Internal Oversight

Services, the United Nations Archives and Records Management Section, the Department of Public Information outreach activities, etc.

3. Associated resources for objective 1:

- 1 P-5 Section Chief, to oversee the above-mentioned tasks as well as the overall management of the programme;
- 1 GS (OL) to provide administrative support for the Section Chief, in areas such as human resources, procurement and financial management;
- Contractual services ($50,000) will provide expertise in information disclosure necessary to:
  - Identify and provide specialized content for a suite of guidance and administrative issuances to support the policy;
  - Advice on governance structures, such as the composition of review panels; oversight and reporting mechanisms;
  - Identify for United Nations practice benchmarks of accepted international best practice

Objective 2: Implementation strategy: gap analysis of capability and capacity in records management

4. The objective of this task is twofold: first to obtain a top-down view of information assets in the Organization; in turn this will enable Secretariat offices to begin to develop systems and practices that inform them as to the information they hold and where that information is, and to be able to distribute it in a timely and efficient manner. Second, a gap analysis of records management practice in the Secretariat will form the basis for targeted improvements as a necessary foundation for facilitating access to information. As a first stage, it is proposed to:

- Establish an inventory record created by United Nations offices;
- Develop a baseline standard, using the inventory, of categories of information that can be disclosed;
- Identify classified information that can be declassified and made available

5. Associated resources for objective 2:

(a) General temporary assistance to manage inventory project and assist in inventory development at the United Nations Office at Vienna, the United Nations Office at Geneva, the Economic and Social Commission for Asia and the Pacific, the Economic and Social Commission for Western Asia, the Economic Commission for Africa, and the United Nations Office at Nairobi;

(b) Contractual services ($125,000) to advise offices at all duty stations in conducting the records inventory by:

- Developing a survey methodology and tool(s);
- On-site advisory service to staff delegated responsibility to inventory records (all duty stations);
- Analyse records and recommend:

- Baseline standards for categories of information that can be disclosed;
- Records for priority declassification

- Develop an information assets inventory for dissemination on the website (inventory will be based on the survey results);
- Develop a road map and "model action plan" for use by Secretariat offices in preparing to implement the access to information policy

Objective 3: Communication, change management and training in the "model action plan"

6. It is important to recognize that the access to information policy represents a significant shift in the way that the United Nations will deal with requests for information and it will bring about significant changes to the cultures of dealing with such requests and handling information generally. An internal and external communication strategy for members of the Secretariat and stakeholders, as well as comprehensive training and awareness-raising for staff at all duty stations, is planned, including workshops, feedback programmes, brochures, questionnaires, Web training, resources links and outreach to Member States.

7. Associated resources for objective 3:

(a) General temporary assistance for project management and to coordinate translation and publication (through various means) of all materials;

(b) Contractual services ($200,000) will provide:

- Content development for training and development workshops;
- Workshop delivery at all duty stations;
- Digital (Web-based and CD-ROM) learning programme and toolkit for United Nations staff;
- Public information/outreach materials to promote awareness of the access to information policy

Objective 4: Develop information systems

8. Specialized information systems will be required to support the request management process. In addition, a website as a "one-stop-shopping" site for the public and staff to request and receive information, and to learn more about information disclosure.

9. Associated resources for objective 4:

(a) 1 P-4 post for an Information Management Officer to carry out business process analysis to develop requirements for the request management and appeals processes, and to manage implementation of the request management system. The P-4 will assume responsibility for daily operations of the request management system and information management systems;

(b) General temporary assistance to manage the website; link database of newly available information to the website; place on the Internet training materials and the inventory of information assets;

(c) Software licenses ($40,000) for the United Nations standard software for content management and/or customer relations management;

(d) IT support ($96,000) to configure software to meet disclosure/request management requirements and compliance testing against United Nations/International Standards Organization (ISO) ICT information security standards;

(e) Contractual services ($25,000) to design and deliver a website covering all aspects of the information disclosure programme.

Premises and related equipment and supplies

10. A total of $248,200 provides for the central support services requirements for the associated staffing (posts and general temporary assistance). It is based on standard costs and comprises rental of premises ($61,100), fit-out of premises ($88,800), furniture and equipment ($45,400), communications and IT costs ($32,200) and office supplies ($20,700).

B. Annual performance report

11. With the proposed introduction of the annual report on the performance of the Organization, the annual report of the Secretary-General on the work of the Organization will continue to be produced.

12. The proposed annual performance report will focus on linking policy priorities, programme activities and resources, and on management challenges and corrective actions, thereby providing the information necessary for the General Assembly and the global public to assess the Organization's performance and management of resources. In addition, as indicated in paragraph 8 of document A/60/846/Add.4, other mandated reports, such as the United Nations financial statements and reports of the Office of Internal Oversight Services and the United Nations Board of External Auditors will continue to be provided. Feedback from Member States will play a critical role in validating and redefining the proposal.